

By: Seliger  
(Zerwas)

S.B. No. 778

Substitute the following for S.B. No. 778:

By: Zerwas

C.S.S.B. No. 778

A BILL TO BE ENTITLED

AN ACT

relating to performance-based tuition limitations for certain public institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 54, Education Code, is amended by adding Section 54.05131 to read as follows:

Sec. 54.05131. PERFORMANCE-BASED DESIGNATED TUITION LIMITATIONS. (a) In this section:

(1) "Administrative costs" means the percentage of an institution's operating budget expended on institutional expenses, as designated in an institution's annual financial reports in the subcategories of executive management, fiscal operations, general administrative and logistical services, administrative computing support, and public relations/development.

(2) "Coordinating board" means the Texas Higher Education Coordinating Board.

(3) "General academic teaching institution" and "public state college" have the meanings assigned by Section 61.003.

(4) "Performance measure" includes only a performance measure defined by coordinating board rule under Subsection (b).

(b) The coordinating board, using the negotiated rulemaking procedures under Chapter 2008, Government Code, shall define the following performance measures to be used for purposes of this

1 section:

2 (1) the total number of undergraduate degrees awarded  
3 by the institution;

4 (2) the total number of undergraduate degrees awarded  
5 by the institution, adjusted by the institution's six-year  
6 graduation rate under Subdivision (10);

7 (3) the total number of undergraduate degrees awarded  
8 by the institution per 100 undergraduate full-time student  
9 equivalents;

10 (4) the total number of undergraduate degrees awarded  
11 by the institution to at-risk students;

12 (5) the total number of undergraduate students at the  
13 institution having successfully completed at least 25 percent of  
14 the student's degree requirements or having earned at least 30  
15 credit hours toward a 120-credit-hour degree;

16 (6) the total number of undergraduate students at the  
17 institution having successfully completed at least 50 percent of  
18 the student's degree requirements or having earned at least 60  
19 credit hours toward a 120-credit-hour degree;

20 (7) the total number of undergraduate students having  
21 successfully completed at least 75 percent of the student's degree  
22 requirements or having earned at least 90 credit hours toward a  
23 120-credit-hour degree;

24 (8) the average length of enrollment, by number of  
25 semesters, required for undergraduate degree completion;

26 (9) the four-year graduation rate of first-time,  
27 full-time, bachelor's degree-seeking students who enrolled in at

1 least 12 semester credit hours in the student's first fall semester  
2 at the institution and who graduated from the institution or from  
3 any other institution of higher education or private or independent  
4 institution of higher education;

5 (10) the six-year graduation rate of first-time,  
6 full-time, bachelor's degree-seeking students who enrolled in at  
7 least 12 semester credit hours in the student's first fall semester  
8 at the institution and who graduated from the institution or from  
9 any other institution of higher education or private or independent  
10 institution of higher education; and

11 (11) the institution's administrative costs.

12 (c) This section applies only to a general academic teaching  
13 institution other than a public state college.

14 (d) The coordinating board in consultation with the  
15 Legislative Budget Board shall determine whether an institution has  
16 achieved the applicable target levels for purposes of Subsections  
17 (f) and (g). Using the negotiated rulemaking procedures under  
18 Chapter 2008, Government Code, the coordinating board by rule shall  
19 establish the process by which an institution's achievement on a  
20 performance measure is submitted to and verified by the  
21 coordinating board.

22 (e) The coordinating board shall notify the governing board  
23 of an institution as soon as practicable after the coordinating  
24 board determines that Subsection (f) or (g) applies to the tuition  
25 charged by the institution for an academic year and of the  
26 limitation prescribed by the applicable subsection on the amount of  
27 tuition that may be charged by the institution for that academic

1 year.

2       (f) This subsection applies to tuition charged for an  
3 academic year by an institution to which this section applies only  
4 if the institution did not achieve, in the most recent state fiscal  
5 year preceding that academic year for which information is  
6 available, a majority of the target levels assigned to the  
7 performance measures included in the General Appropriations Act as  
8 applicable to the institution for that state fiscal year. For an  
9 academic year in which this subsection applies to the tuition  
10 charged by an institution, unless the institution has been granted  
11 an exception under Subsection (j) for that year, the amount of  
12 tuition the governing board of the institution charges under  
13 Section 54.0513 to a student for that academic year may not exceed  
14 the total amount of tuition that the governing board would have  
15 charged under that section to a similarly situated student in the  
16 preceding academic year, as that amount is adjusted for inflation  
17 as determined under Subsection (i). The governing board may not  
18 increase the amount of tuition charged under this subsection to a  
19 student more than once in any academic year.

20       (g) This subsection applies to tuition charged for an  
21 academic year by an institution to which this section applies only  
22 if the institution achieved, in the most recent state fiscal year  
23 preceding that academic year for which information is available, a  
24 majority of the target levels assigned to the performance measures  
25 included in the General Appropriations Act as applicable to the  
26 institution for that state fiscal year. For an academic year in  
27 which this subsection applies to the tuition charged by an

1 institution, the amount of tuition the governing board of the  
2 institution charges under Section 54.0513 to a student for that  
3 academic year may not exceed by more than five percent the total  
4 amount of tuition that the governing board would have charged under  
5 that section to a similarly situated student in the preceding  
6 academic year, as that amount is adjusted for inflation as  
7 determined under Subsection (i). The governing board may not  
8 increase the amount of tuition charged under this subsection to a  
9 student more than once in any academic year.

10 (h) For purposes of this section:

11 (1) an institution is considered to have achieved a  
12 target level assigned to a performance measure if the institution  
13 has achieved at least 98 percent of the target level; and

14 (2) students are similarly situated if they share the  
15 same residency status, degree program, course load, course level,  
16 tuition exemption status, and other circumstances affecting the  
17 tuition charged to the student.

18 (i) Not later than January 31 of each year, or as soon  
19 thereafter as practicable, the Legislative Budget Board shall  
20 publish and certify to the governing board of each institution to  
21 which this section applies the inflation rate to be used for  
22 purposes of this section for the next academic year. The inflation  
23 rate is the percentage increase, if any, as expressed in decimal  
24 form rounded to the nearest thousandth of one percent, in the  
25 consumer price index, as defined by Section 341.201, Finance Code,  
26 for the preceding calendar year as compared to the consumer price  
27 index for the year preceding that year.

1       (j) The coordinating board, using the negotiated rulemaking  
2 procedures under Chapter 2008, Government Code, by rule shall  
3 establish an exception to the application of Subsection (f) for an  
4 institution to which that subsection would otherwise apply for an  
5 academic year in the event of a natural disaster or other  
6 extraordinary circumstance affecting the institution's achievement  
7 on performance measures. Subsection (g) applies to an institution  
8 that is granted an exception under this subsection.

9       SECTION 2. Chapter 322, Government Code, is amended by  
10 adding Section 322.025 to read as follows:

11       Sec. 322.025. RECOMMENDATIONS FOR PERFORMANCE MEASURE  
12 TARGET LEVELS FOR CERTAIN INSTITUTIONS OF HIGHER EDUCATION.

13       (a) In this section:

14               (1) "Institution of higher education" and "university  
15 system" have the meanings assigned by Section 61.003, Education  
16 Code.

17               (2) "Performance measure" means a performance measure  
18 adopted under Section 54.05131(b), Education Code.

19       (b) The governing board of each institution of higher  
20 education to which Section 54.05131, Education Code, applies shall  
21 submit to the board, as part of the institution's legislative  
22 appropriations request for the general appropriations bill  
23 prepared by the board under Section 322.008, a target level for each  
24 performance measure applicable to the institution for each of the  
25 state fiscal years covered by the bill. The target levels submitted  
26 by an institution under this subsection must be established by the  
27 institution's governing board in consultation with the

1 institution's president and provosts and with the institution's  
2 system administration, if the institution is a component  
3 institution of a university system. In establishing the target  
4 levels, the institution's governing board shall consider the Texas  
5 Higher Education Coordinating Board's standards under Subsection  
6 (c).

7 (c) The Texas Higher Education Coordinating Board, using  
8 the negotiated rulemaking procedures under Chapter 2008, by rule  
9 shall develop standards to be considered by the governing board of  
10 an institution of higher education in establishing the  
11 institution's target levels for performance measures under  
12 Subsection (b). In developing the standards, the negotiating  
13 committee established for purposes of this subsection and the  
14 coordinating board shall consider institutional improvement on  
15 target levels. The coordinating board shall reconvene the  
16 negotiating committee to assist the coordinating board whenever the  
17 coordinating board modifies or updates the standards.

18 (d) The board, in preparing the general appropriations bill  
19 under Section 322.008, shall include the performance measure target  
20 levels submitted by each institution under Subsection (b) of this  
21 section to which money is to be appropriated in the bill, as  
22 recommendations for the target levels to be included in the  
23 appropriations to the institution for each of the state fiscal  
24 years covered by the bill.

25 SECTION 3. Section 54.05131, Education Code, as added by  
26 this Act, applies beginning with tuition charged by a general  
27 academic teaching institution to which that section applies for the

1 2018-2019 academic year. Tuition charged by an institution for an  
2 academic year before that academic year is covered by the law in  
3 effect immediately before the effective date of this Act, and the  
4 former law is continued in effect for that purpose.

5       SECTION 4. This Act takes effect September 1, 2015.